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ABSTRACT

ERIC abstracts on the politics and economics of school finance, announced in RIE through December 1970, are presented. The key terms used in compiling this collection are "economic factors," "economic research," "economics," "educational economics," "educational finance," "financial support," "political influences," "political issues," "political power," and "socioeconomic influences." The following information is presented for each document: Author, title, place of publication, publisher, publication date, number of pages, ERIC document ("ED") number, price and availability, and abstract. A subject index is cross-referenced with the document listing. (SB)

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The Politics and Economics of School Finance

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ERIC Abstracts

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The Politics and Economics of School Finance

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FOREWORD

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Philip K. Piele
Director

INTRODUCTION

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5. Benson, Charles S. "A Possible Breakthrough in the Financing of Public Education." Paper presented at the Symposium on Operations Analysis of Education, Washington, D.C., November 14-15, 1967. 14 pages. ED 018 742 MF $0.25 HC $1.00.

A new basic concept in financing educational services is the change from viewing schools as "standardized-opportunity-systems" to seeing them as "differentiated-output-accountability-systems." The accountability system of finance, requiring a supply of analytical studies to guide decision makers, would have three main components: (1) state governments should set minimum standards of student achievement in basic subjects and compute each district's costs for programs that would allow students to meet or surpass the standards; (2) state governments should establish an "educational improvement fund" to stimulate advances in school performance; and (3) local initiative should be encouraged to function on top of these two state programs. Local initiative could be exercised by means of a supplement to a state income tax, which should be matched by the state government under a "percentage-equalizing" subvention. Finally, four additional steps should be taken in the form of the following contractual arrangements: (1) state contracts with private firms to upgrade low-performance schools, (2) local district contracts with states to support a defined set of improvement goals within its borders, (3) university addition of 35-45 percent overhead to government contract arrangements, and (4) state government contracts issued to local districts to meet the full cost of teacher development programs.

6. Smith, Kenneth H., comp., and McLoone, Eugene P., comp. The Economics of American Education: A Bibliography, Including Selected Major References for Other Nations. Bloomington, Indiana: Phi Delta Kappa, 1968. 69 pages. ED 026 140 MF $0.50 HC $3.05.

This bibliography lists 752 books and articles dealing with the economics of education. With a few exceptions, the listings begin with 1950 and the majority have been published since 1960. Areas covered include: (1) theory of human capital, (2) textbooks, (3) collected readings, (4) the political economy of education and broad social concerns, (5) measuring the product--price, enrollment, and demand for education, (6) producing educational services--science, relationships between quality and cost, and technology in instruction, (7) finance--role of government, financing primary and secondary schools, financing higher education, and fellowships and loans to students, (8) measuring the supply and demand for specialized manpower, (9) the role of educational institutions, government, and private industry in training specialized manpower, (10) the payoff to investment in education--individual returns and social returns. Bibliographies and articles reviewing important

portions of the literature are included. Highly technical material, collections of data, and articles on the methodology of collecting data, are excluded.

5. de Vorsey, Anne. Economic Dimensions of Major Metropolitan Areas, Population, Housing, Employment and Income. Technical Paper Number 14. New York: National Industrial Conference Board, Inc., 1968. 60 pages. ED 020 018 MF $0.50 HC $3.15. (Also available from National Industrial Conference Board, Inc., 845 Third Avenue, New York, New York 10022.)

This publication reports the results of an effort to develop a body of internally consistent economic data which facilitate comparison of the population, housing, employment, and income characteristics of fifty-six Standard Metropolitan Statistical Areas with a population of over five hundred thousand. Part of a continuing research program on local government finances, the report is designed to fill some important gaps and to provide the basis for future research efforts in this area. Development of a consistent data system requires selection of a manageable number of the most relevant areas from among the current total of 211 Standard Metropolitan Statistical Areas, and adaptation of an extensive system of basic data for each of these by means of classification and coverage which permit internal comparison and, at the same time, provide historic continuity. The data include information covering the general topics: (1) location and types of major metropolitan areas, (2) population, (3) land, (4) population densities and housing, (5) employment size, composition, and trends, and (6) income and wages. Detailed information by area is given in thirteen statistical tables, permitting easy comparison on any factor among the various urbanized areas.

6. Oye, Thomas H. Policy Outcomes in Public Education. 49 pages. ED 011 666 MF $0.25 HC $1.85.

The author's position is that economic development variables (level of urbanization, industrialization, income, and education) are more closely correlated to educational policy outcomes (educational expenditures, state efforts in organizing and financing public schools, status of teachers, and number of dropouts and selective service mental failures) than political system variables (partisan character, party competition, political participation, and malapportionment of the states). Data from fifty states were subjected to simple, partial, and multiple regression analysis to assess the effect of the variables on educational policy outcomes. Simple correlation coefficients computed for all relationships between economic and political variables and educational policy outcomes indicate that economic development is directly

related to educational outcomes. No meaningful simple correlations exist, however, between particular political variables and educational policy outcomes. Multiple correlation analysis correlating all economic and political variables and educational outcomes simultaneously explains most variation among the fifty states in important policy outcomes. Through the use of multiple-partial correlation, a comparison of the individual effects of economic and political variables can be made. The data illustrate that economic development variables are more influential than political system variables in shaping policy outcomes.

5. Dye, Thomas R. Politics, Economics, and Educational Outcomes in the States, Final Report. Athens: University of Georgia, 1967. 93 pages. ED 017 979 MF $0.25 HC $3.65.

The effects of political, economic, and socioeconomic variables on educational policies of the fifty states are examined in this document. Utilizing a systems analysis framework, the author explores numerous systemic outputs such as per pupil expenditures, per capita educational expenditures, and average teacher salary. The principal finding of the study is that economic development variables are more influential than political system characteristics in shaping educational policy in the states.

6. Hamilton, Vernon, and Alkin, Marvin. "Population Age Distributions and Public Education Expenditures." Paper presented at the annual meeting of the American Educational Research Association, New York, February, 1967. 14 pages. ED 016 169 MF $0.25 HC $0.80.

A linear model is developed to determine the relationship between the age characteristics of a community and the amount of local public funds allocated per pupil in elementary and secondary schools. The model tests the hypothesis that, with knowledge of the percentage of each state's total population in each of nine age brackets, the level of locally raised expenditures for education in each state can be predicted better than without this information. The study is restricted to forty-eight states for the years 1950, 1955, 1960, and 1965. The independent variables consist of the percent of the population of each state within nine selected age intervals for each of these years. The dependent variable is defined as locally derived current expenditures per pupil in average daily attendance (ADA) for elementary and secondary school instruction. The model, with gross economic characteristic variables and cohort effect variables controlled, yields a multiple R of .6196. Thus, the independent variables explain about 40 percent of the variance in the dependent variable. Restricted models are also developed by omitting particular vectors from the

model. Public educational expenditures are found to be related to population age characteristics of the states.

9. Straub, Warren F., and others. Spillover of Public Education Costs and Benefits, Part 2--Costs (Title Supplied). Los Angeles: University of California, 1964. 494 pages. ED 010 020 MF $2.00 HC $26.30.

Emphasizing the ways in which spillovers may affect local decision-making, this study develops an integrated framework for the analysis of spatial spillovers, hand-in-hand with a systematic approach to the concepts of costs and benefits arising from public support of primary and secondary education. Abstract concepts are developed and applied to the Clayton, Missouri, school district. Community cost spillovers of the school district are examined, with a general framework evolved for cost spillover analysis. Each community cost spillover is discussed in detail and analyzed in relation to (1) local financing through property taxation, (2) financing through state personal income taxes, and (3) financing through retail sales and excise taxes. Methods for analysis of imputed operating costs and capital costs are examined, and case study findings are integrated with intercommunity cost spillovers. The latter part of the study, discussing the beneficial side of education, specifically identifies the major benefits and key concepts in relation to spatial spillover mechanisms, such as migration and fiscal interdependence, and considers benefit spillovers in the form of students' incremental earnings and of the child care value of public education. A framework is developed to survey cost intercommunity cost and benefit spillover analysis in an integrated manner. In conclusion, the investigators examine some policy implications of the analysis for local, state, and federal governments. (Part 1 of this study is listed under Weisbrod, Burton A., Spillover of Public Education Costs and Benefits, Part 1--Benefits.)

8. Innes, Jon T.; Jacobson, Paul B.; Pellegrin, Roland J. The Economic Returns to Education: A Survey of the Findings. Eugene: Center for the Advanced Study of Educational Administration, University of Oregon, 1965. 66 pages. ED 011 572 Document not available from EDRS. (Available from the Center for the Advanced Study of Educational Administration, University of Oregon, Eugene, Oregon 97403, $2.00.)

This monograph is a survey of recent literature on the economic returns on investment in education. The first section introduces the reader to the concept of human capital and to some ways in which it can be measured. In the second and third sections, data are presented on the relationship between education and income and the benefits accruing both to individuals and to the nation as a whole from investment in education. Section Four deals with estimates of education's

contribution to economic growth. Section Five summarizes the generalizations concerning education as an investment. These studies reinforce the conclusion presented by other studies that the social returns on educational investment are very profitable, as are private returns on individual investment.

9. James, H. Thomas, and others. Determinants of Educational Expenditures in Large Cities of the United States. California: School of Education, Stanford University, 1968. 209 pages. ED 020 029 MF $1.00 HC $10.01.

This report is a study of the processes by which money is allocated to the support of educational services in the public schools in large cities of the United States. Implicit in the rationale are the assumptions that resources available for the support of public education are rarely sufficient to satisfy all the demands made upon them, and that determinations about the level of public school financial support are almost always made in competitive situations. The rationale postulates three major determinants of educational expenditures in the public sphere: (1) a set of shared expectations for educational services, (2) the availability of wealth from which funds for schools can be allocated, and (3) a political system that allows the expression of demands and access to the ability. The sample for the study comprised 107 of the 119 largest school districts in the United States in 1960. The distribution in average daily attendance (ADA) ranged from approximately twenty thousand to one million students. The 107 districts were located in thirty-six states. The largest number of districts in any one state was 11. In California, the typical board of education flanked in by a growing body of state regulations, state-mandated services, levy limitations, salary schedules, and other staff benefits may become partially immobilized and attempt only relatively minor adjustments in the school budget. The prognosis will remain pessimistic until social policy for education in cities is determined on grounds other than the availability of resources under the structures designed decades ago.

10. Adkins, Dan L., and Kimbrough, Ralph B. The Relationship of Socioeconomic Factors, Educational Leadership Patterns, and Elements of Community Power Structure to Local School Fiscal Policy, Final Report. Gainesville: College of Education, University of Florida, 1968. 247 pages. ED 021 336 MF $1.00 HC $12.61.

In a study of the critical factors affecting local school fiscal decision making, socioeconomic factors, educational leadership, and community power structure are related to one another and to local financial effort in relation to ability. The study included 122 school districts having populations of twenty thousand and above located in

the states of Florida, Georgia, Kentucky, and Illinois. Twenty-four districts (three high- and three low-effort districts from each state) were selected for intensive study. The twelve major hypotheses tested deal with consistency of local school fiscal policy, the relationship of socioeconomic factors and kinds of community power structures to effort, and the characteristics of community leaders and voter behavior in competitive and noncompetitive power structures. Principal findings include: (1) most school districts followed consistently high- or low-effort patterns throughout the eighteen years studied; (2) there was no consistent relationship between socioeconomic factors and financial effort; (3) low-financial-effort districts tended to have noncompetitive power structures; and (4) low-effort, noncompetitive districts tended to have closed social systems with politically less active voters.

11. Kearney, C. Philip. "The Politics of Educational Assessment in Michigan." Paper presented at the annual meeting of the American Educational Research Association, Minneapolis, March 3-6, 1970. 19 pages. ED 041 386 MF $0.25 HC $1.00.

The purpose of this presentation is to describe and analyze one instance of educational policy making at the state level. Specifically, the discussion focuses on the proposal, passage, and implementation of a legislatively mandated program for the statewide assessment of education in Michigan. The analytical framework utilized in the analysis depicts the policy-making process as taking place along a continuum wherein societal forces gradually merge into formal or informal activities and movements, which in turn lead to political action, and finally to formal enactment. Utilizing such a framework, the paper investigates (1) the socioeconomic, intellectual, and political forces behind the assessment movement; (2) the subsequent expression of individual and group values regarding the need for reliable performance indicators in education; (3) the resultant political activity generated by these individual and group expressions; and (4) the passage and eventual implementation of the program.

12. Kelly, James A. "Priorities in Urban Education." Paper presented at the Conference on a National Agenda for American Education, Washington, D.C., July 17, 1969. 13 pages. ED 033 441 MF $0.25 HC $0.75.

The disparities in urban/suburban education can be changed through community participation and a redistribution of educational revenues. The high positive correlation of race and economic class to school achievement is the most pressing concern of education today. Public pressure is necessary to resist the tendency toward bureaucratic isolation of school systems and to force school officials to be more

accountable for their product in terms of pupil achievement. School finance in the form of general state allocations favors the rural and suburban areas, due to their relatively greater legislative power. State school aid formulas neglect the heavier proportion of noneducational expenditures that a central city tax base must support. The facts show that the distribution of federal funds is equally biased against city school districts. This inequality of finance is of central importance for solving the problems of urban education.

16. Kiser, Chester, ed., and Spangler, James R., ed. Proceedings of the Workshop for School Business Officials: Theme, School Budgeting (State University of New York at Buffalo, February 2, 1968). Buffalo: Western New York Chapter, New York State Association of School Business Officials, Inc., 1968. 81 pages. ED 020 536 MF $0.50 HC $4.15.

Four papers from a workshop for school business officials focus attention on school budgeting. Legal problems uncovered in examining formal and oral audit reports of many school districts are discussed in a presentation on the legal pitfalls in budgeting. Secondly, efficient and effective money management procedures are discussed, with specific examples showing how wise money management results in reduced taxes. Next, methods of presenting budgets to school boards and to the public receive attention, with advantages and disadvantages of various types of presentations considered. Finally, an economist comments on economic forces and trends that will affect school budgets in the immediate and long-range future. An appendix shows the attendance at the conference, as well as results of critique questionnaires filled out by conference participants.

17. Kyd, Stirling. Extension Administration and State Legislative Process: A Case Study of the 71st Missouri General Assembly. Madison: University of Wisconsin, 1963. 332 pages. ED 010 798 Document not available from EDRS. (Available from University Microfilms, Inc., 300 North Zeeb Road, Ann Arbor, Michigan 48103, Order Number 63-3990, Microfilm $3.00, Xerography $10.00.)

To gain understanding of Missouri's legislative process and aid administrators of the extension division, the author investigated the 71st General Assembly. He read publications, interviewed lobbyists, and conducted open-ended depth interviews with legislators selected for the leadership of the assembly. His dissertation presents the organization, procedures, and background of the Missouri government, and statistical data on the composition of the assembly by party, geographic constituency, levels of education, length of service, and occupation of members. It shows that: (1) the low contacts made by

constituents were largely special interest efforts; (3) a legislator most frequently voted in favor of a bill in the absence of active opposition; (4) the 84 percent who favored an increase in adult education programs were mostly those who had some college educat on (53 percent had some); and (5) although the assembly made the fiscal policy for tax supported institutions and agencies, 73 percent felt inadequately informed for doing so and thus rarely challenged the appropriations committee's recommendations. The author concludes that a feeling of mutual respect built on successful personal relationship between legislator and public administrator would be most productive.

18. Lipham, James M., and others. The School Board as an Agency for Resolving Conflict. Madison: University of Wisconsin, 1967. 180 pages. ED 016 280 MF $1.00 HC $10.00.

Viewing administration as a social process, a three-year study was made of the role of the school board as an agency for resolving conflict between the school and the community. Role expectations for the school board were assessed by interviewing 1,794 citizens, 360 teachers, 140 public officials, and 90 school board members in twelve Wisconsin school districts selected on the basis of their size, wealth, nonpublic school enrollment, community controversy, and fiscal dependence-independence. Conflict resolution was assessed by observing school boards during the budget adoption process. Analysis indicates that consensus in role expectations for the school board and resolution of school board role conflict are not related either to change in financial support for the schools or to change in allocations to selected budget categories. Consensus in expectations within and between certain reference groups, especially citizens and teachers, is found to be significantly related to the level of financial support and the nature of budget allocations. School boards tend to engage in role avoidance, seldom resolve conflict in open meetings, tend to be intraorganizationally oriented on educational issues, and are extra organizationally oriented on economic issues. Recommendations for future studies include distinguishing between role dissensus and role conflict, and giving equal attention to both role and personality determinants of behavior.

19. McLure, William P. Some Studies on the Financing of Public Schools in Fourteen Great Cities of the United States. Urbana: College of Education, University of Illinois, 1964. 44 pages. ED 001 645 MF $0.25 HC $2.00.

This collection of basic facts, intended to prove helpful in improving fiscal policies of schools in large cities, recommends that financial needs to operate given programs and services for a particular school

population be estimated in terms of the costs of staff, buildings, and facilities. In this instance, a minimum of fifty professionals per one thousand pupils is chosen as a standard. Although not considered to be adequate, it is viewed as a feasible goal to be accomplished in five years if adequate funds are available. An alternative estimate is prepared for comparative purposes. The average pupil-staff ratios, average salaries, and other expenses of 1960 are applied to projected enrollments from 1960-1965 and additional outlay estimated on the basis of pupil-staff ratios in 1960. Both standards are used to project operating and capital expenses. The actual pupil-staff ratios of 1960 are chosen to discover whether or not sufficient funds would be available in that year to accommodate increasing enrollment. The pupil population is found to be increasing at a faster rate than revenue. The studies reveal that in most of the great cities, small schools cost more per pupil than large ones, that per pupil costs increase progressively from elementary through senior high school, and that the percentage distribution and amounts of space per student differ among types of schools. It is believed that salary payments to staff can be prorated and that accounting practices can be established to prorate most other expenditures. Tables and charts accompany the text. (Great cities included are--Baltimore, Boston, Buffalo, Chicago, Cleveland, Detroit, Houston, Los Angeles, Milwaukee, New York, Philadelphia, Pittsburgh, St. Louis.)

17. Morland, H. P., *Jr.* "Financing Big City Schools: Some Possible Breakthroughs." *Paper presented at the annual meeting (101st) of the American Association of School Administrators, Atlantic City, New Jersey, February 17, 1969.* 14 pages. ED 027 437 MF $0.25 HC $1.00.

Among the many factors contributing to the crisis in big-city school finance are (1) the in-migration of the poor to the cities accompanied by the out-migration of the higher-income people; (2) higher teacher salaries; (3) the new mandates placed on schools, such as cradle-to-grave accommodation in educational opportunities, manpower retraining, mental health, self-realization for all, nutrition, and the education of deprived parents; (4) the relative decline in the share of funds going to cities; (5) the municipal overburden of total costs of running cities; and (6) the relatively small amount of federal funds reaching the cities. Several possibilities exist for easing this crisis: (1) increases in federal support, (2) a state aid distribution formula that recognizes the fact of municipal overburden, (3) a state aid formula revision that takes account of population density, (4) a state support formula based on median family income rather than on assessed valuation of property, and (5) a metropolitan system of taxation set up so that those who move from the city to the suburb will help pay for the problems which this movement causes the city.

10. Sherman, Philip J. Metropolitanism and Federal Aid to Education: The Passage and Impact of the 1965 Aid to Education Act. Syracuse, New York: Research Institute, Syracuse University, 1967. 864 pages. ED 018 799 MF $0.50 HC $13.50.

Using an input-output systems model to organize relevant factors into meaningful patterns, the investigator identifies and analyzes factors that contributed to the passage of the Elementary and Secondary Education Act of 1965. Inputs are phenomena, both physical and social, occurring outside the boundaries of a political system, as a redistribution of population, an inflation in the economy, or a shift in cultural values. Environmental conditions shape the inputs that cross the boundary into a political system where they are converted by the legislature into outputs. The primary task was to indicate which factors impinging on the national legislature and within the legislative system had undergone sufficient change prior to and during 1965 to produce the new output, the Education Act of 1965. The most fundamental finding is that the final passage of the school aid bill cannot be explained by a single major change or the conclusion of others. Although no hierarchy of factors is achievable, the major changes are discussed in some detail as institutionally interrelated factors which resulted in this landmark legislation.

11. Meyer, Agnes E. Education in the States: A Planning Chart Book. Washington, D.C.: National Committee for Support of the Public Schools, 1968. 32 pages. ED 024 118 Document not available from EDRS. (Available from National Committee for Support of the Public Schools, 1424 Sixteenth Street, N.W., Washington, D.C. 20036, $1.00.)

Within this booklet are twenty-five charts which present economic and sociological data relevant to public education in individual cities and states and in the nation as a whole. In general, the charts focus on (1) the importance of education in a society that is experiencing economic and technological growth, (2) the necessity of educational qualifications for new job requirements, (3) the availability of educational opportunity in urban versus suburban schools, (4) current and predicted school expenditures, and (5) goals for educational development. According to one chart, minimum estimates for quality education in the schools will cost 15 percent more than the school expenditures estimated for 1975. As indicated in another chart, current expenditures per student are greater in suburban than in central city areas, and thus equality of educational opportunity is denied to urban pupils. Explanatory paragraphs accompany most of the charts.

12. Moskow, Michael H., and others. "The Economic Basis of Multilateral Bargaining in Public Education." Paper presented at the annual

meeting of the American Educational Research Association, Los Angeles, February 6, 1969. 9 pages. ED 029 526 MF $0.25 HC $0.55.

Collective bargaining in public education differs significantly from collective bargaining in private industry. Whereas bargaining tends to be bilateral between employers and employee organizations in the private sector, in education it tends to be multilateral (more than two groups involved). Economic analysis gives an explanation for this difference. Two sources of demand occur for public education: user demand for direct personal benefits of education, and consumer demand for social benefits of education. User demand tends to be more intensive and less sensitive to changes in cost than consumer demand. These conflicting demands must be reconciled by a political process because shares of the cost of public education are not related to use of, or direct benefit derived from, the system. When collective bargaining on salaries occurs, the reconciliation of these demand interests is often reflected in multilateral bargaining. That this is so derives from the nature of a public good for which no reasonably priced alternative is available. With private goods, the consumer can switch his demand to other suppliers if the price is too high, but with education all taxpayers are required to pay, regardless of whether they benefit directly from the service.

33. National Education Association. National Conference on School Finance (11th, Dallas, Texas, March 31, April 1, 2, 1969). Interdependence in School Finance: The City, the State, the Nation. Washington, D.C.: Committee on Educational Finance, 1969. 344 pages. ED 028 738 MF $0.50 HC not available from EDRS. (Available from National Education Association, 1201 Sixteenth Street, N.W., Washington, D.C. 20036, $3.00.)

This book contains twenty-eight papers on the interdependence of school finance in the nation, state, and city. The papers discuss the social, economic, and political forces shaping interdependence, and tools such as programming-planning-budgeting systems (PPBS) which assist in developing educational programs within these demands. Topics of the papers include: (1) trends and issues in school finance; (2) modernization of state finance programs; (3) strengthening state-local relationships in urban education; (4) financial problems of parochial schools; (5) financial issues of improving racial balance in schools; (6) salaries, school budgets, and negotiation; and (7) the use of PPBS, the systems approach, and simulation. The final eight papers describe research recently completed in school finance.

33. Norton, John K. Changing Demands on Education and Their Fiscal Implications. Washington, D.C.: National Committee for Support of the Public Schools, 1963. 115 pages. ED 023 601 MF $0.50 HC $5.81. (Also available from the National Committee for Support of the Public Schools, 1424 Sixteenth Street, N.W., Washington, D.C. 20036, $2.00.)

In exploring the economics of education, this report discusses and extensively quotes the findings and conclusions of research dealing with (1) demands of modern technology on the public schools, (2) relation of education to individual earnings, (3) education as an investment in human capital and as a factor in national economic growth, (4) effect of education on particular segments of production, (5) losses to the individual and the society that result from inadequate schooling, (6) regulation for developing a productive system of public education, (7) adequacy of present financial support of the schools and required future expenditures, and (8) necessary fiscal action to provide adequate financing for the schools. One section of the report deals specifically with school dropouts.

34. Ostle, Bajima. "A Theoretical Study of the Demand for Education." Ph. D. thesis, Stanford University, 1963. 150 pages. ED 010 291 Document not available from EDRS. (Available from University Microfilms, 300 North Zeeb Road, Ann Arbor, Michigan 48106, Order No. 63-4254, Microfilm $3.00, Xerography $7.00.)

In this study of the economic process of education, individual activities regarding education are treated as a process of rewarding resource allocation. The optimum plan for receiving education is investigated in terms of a mathematical model, and the demand for education is derived by examining the effects of changes in parameters on this optimum plan. First, a theory is formulated which concentrates on how to divide time between receiving education and engaging in work, and to divide income between paying for education and saving. Costs are analyzed as income spent and wages foregone; benefits are defined as improved labor efficiency and personal satisfaction. The model is then analyzed to reveal characteristics of an individual's plan for receiving education. It is shown, among other things, that a person generally receives education before engaging in work, that demand for education decreases when funds are scarce or when educational costs rise, and that rising wages can increase or decrease educational demand according to whether the wage shift is proportional or constant at each educational level.

35. Owen, John D. Educational Opportunity, Democratic Theory, and the Economics of Educational Subsidy. Baltimore: Center for the Study of

Social Organization of Schools, Johns Hopkins University, 1968. 11 pages. ED 026 722 MF $0.25 HC $0.65.

Subsidies to education are often justified by arguing that society derives political benefits from education in terms of individuals who perform better as citizens. Since these benefits are external to the student and therefore do not provide him with incentive to invest further in his education, society must devise a means of subsidy that will induce students to continue their education and thereby improve the workings of political democracy. Many argue that an optimal subsidy policy is one which stimulates the student's private economic motive for demanding education. By offering cheap tuition or providing loans at subsidized rates of interest, the consequent cost reductions lead to a greater demand for education. However, such across-the-board cost reductions stimulate investment in education among the more able students and lead to greater investment in training for higher paid occupations, where the private incentives are highest. The logic of majority voting indicates that a more efficient method by which to gain citizenship benefits from education might be through a more egalitarian subsidy policy which would alleviate larger subsidies to less able students. Moreover, some selectivity in the areas of study to be supported is desirable, since some courses may be more effective than others in improving citizenship quality.

86. Peterson, Leroy A., and others. Economic Impact of State Support Models on Educational Finance. Madison: School of Education, University of Wisconsin, 1968. 139 pages. ED 031 808 MF $1.00 HC $10.10.

This investigation is designed to give insight into the immediate and eventual consequences of existing patterns of educational support, and into a method for accurate analysis of the impact of the several types of state support and the collateral effects on public finance. Conclusions show that inequities in opportunities for children and tax inequities for parents continue to exist in most states. Although the financing of local education and the financing of local government serve the same population, each is considered in isolation. While the state support program studied has tended to equalize educational opportunities, there is a failure to recognize the inadequacies of present measures of the fiscal capacity of communities, and a tendency to ignore the complex nature of the educational responsibility of a community. Numerous charts and tables accompany the text, including data forms.

87. Ramsey, David C. School Government and the Determinants of the Fiscal Support for Large City Education Systems. Edwardsville: Southern Illinois University, 1967. 200 pages. ED 019 071 MF $1.00 HC $14.70.

An analysis of the determinants of large city educational fiscal policy presents a wide range of problems and issues which evolve from the metropolitan context within which large city school systems operate. The study finds that the form of school government in large central cities is a relatively unimportant factor in the support of public education. The relationship between educational and noneducational expenditures, however, is significant.

57. Research Council of the Great Cities Program for School Improvement. The Challenge of Financing Public Schools in Great Cities. Chicago. 1966. 16 pages. ED 011 606 MF $0.25 HC $0.84.

The public school systems in the great cities of America face a crucial challenge to provide the kind of education necessary to meet the social, economic, and technological changes of today. This challenge cannot be met without renewed and continuing determination by the citizens, and without financial support adequate to provide the school systems with the personnel, facilities, and materials necessary to accomplish the task expected of them. The Research Council of the Great Cities Program for School Improvement makes five recommendations concerning school finance: (1) that the cost of providing an adequate educational program for all children be the responsibility of the local, state, and federal governments; (2) that state financial support programs recognize differences in costs for kindergarten, elementary and secondary general education programs, trade and technical education, and programs for handicapped children, and that provisions for summer school, evening school, and other extension programs be on the same basis as regular day school programs; (3) that building aid be provided for all types of school districts, with full consideration given to variations in the costs of school sites and construction; (4) that local school tax be expanded; and (5) that state or federal support recognize that the local ability to finance public education is reduced in school districts in which the costs for non-school governmental services are relatively high.

58. Research for Better Schools, Inc. An Annotated Bibliography of Benefits and Costs in the Public Sector. Philadelphia, Pennsylvania. 1968. 254 pages. ED 028 744 MF $1.00 HC $10.84.

Approximately twenty-seven hundred books, pamphlets, and articles from all over the world, published before October 1967, are listed in this annotated bibliography on public expenditure decision making. Emphasis is on the economic criteria of decision making derived through use of systematic and analytical methods. Entries are organized into thirty-three general categories, including education, government, military, foreign aid, national education plans, resources,

welfare, industry, systems analysis, planning, health, urban renewal, and transportation. Among the analytical techniques covered are cost-benefit analysis, cost effectiveness, planning-programming-budgeting systems (PPBS), and operations research. An author index to the alphabetic listing follows the bibliography.

39. Gaffney, Calvin F., and Miller, Vincent A. Population Trends and Educational Change in the State of Washington. Seattle: University of Washington, 1968. 139 pages. ED 019 816 MF $0.75 HC $6.60.

The impact of social, economic, and population changes in the state of Washington was analyzed to determine relationships to and influences upon public educational trends, especially with respect to physical facilities, curricula, staff, finances, and administration. For the purpose of this study, the state was grouped into logical and relatively homogeneous territorial components where the various factors in educational and school change were investigated as functional responses to overall community needs and changes. Data were obtained from census tract publications and tabulations, private and parochial reports, official records, files, interviews, and observation. Extensive use is made of graphic techniques in the report, facilitating and simplifying the numerous statistical presentations. Study conclusions provide an understanding of the more serious problems relating to the schools in the state, and of the forces and conditions producing them.

38. Thomas, J. Alan. "An Economic Approach to Systems Analysis." Preliminary draft of paper prepared for annual meeting of the American Educational Research Association, Los Angeles, February, 1969. 15 pages. ED 029 080 MF $0.25 HC $1.05.

The interests of economists in educational systems have taken two directions: (1) concern for the interchanges of resources between educational systems and the national economy, and (2) an interest in the production of education. In expressing the resource interchange, economists rely on the language of productivity. Of concern is the global contribution of educational systems to national economic efficiency. This type of analysis is relevant to such decisions as whether more or less money should be spent for education and how money should be allocated within educational systems. Model building is essential to systems analysis, and the models used for this type of study are cost-benefit models. Economic systems analysis is now being directed to an examination of the internal efficiency of education, which involves analysis of the way in which education is produced. This focus requires that schools be thought of as productive systems, with interrelationships among people, units of space, and equipment determining the efficiency of the process. An administrator's

production function is developed and input-output studies, based on large-scale cross-sectional statistical analysis, are used to provide empirical guidelines for the improvement of allocation within educational units.

31. Thorson, John R. Expectations for the School Board Role as Related to Level of Local Financial Support and Allocation of Expenditures. n.d. 7 pages. ED 012 904 MF $0.25 HC $0.65.

Two hypotheses are tested: (1) no significant relationship exists between the level of expectations for the financial aspects of the school board role and the level of local financial support, and (2) no significant relationship exists between the level of expectations for selected expenditures and the amount of funds allocated for these expenditures. Expectations for the school board role were measured by an interview instrument in twelve Wisconsin school districts. Subjects of the study were 150 citizens, 20 teachers, and all school and municipal officials. The first hypothesis was subjected to sixteen separate tests, and only one proved significant. The second, subjected to thirty-six tests, resulted in nine significant relationships (not enough to reject the hypothesis). Implications and conclusions drawn from the study include: (1) holding preferences for particular school programs may not be the same as being willing to pay for them; (2) responding favorably toward financial support for schools in an interview may differ from making an actual financial commitment; (3) expectations for expenditures may not exist as a single identifiable concept; and (4) the significant relationships which were found are actually insignificant items in terms of the total school budget.

32. Vincent, William S. Board Members, the Public, and Fiscal Welfare of School Districts. New York: Institute of Administrative Research, Columbia University. IAR Research Bulletin, 9,1(November 1967). 7 pages. ED 023 150 MF $0.25 HC $0.65.

The ways in which the following three factors influence a large-city school district's "fiscal performance" are investigated: (1) the educational and occupational status of school board members, (2) the effect of public vote on the budget, and (3) the effect of the size of the school district. A regression of certain budget approval variables, school district size, and wealth and characteristics of school board members was run on fourteen measures of fiscal performance for a sample of 539 school districts. Some general conclusions include: (1) the conditions which the legislatures impose upon the local districts influence local fiscal policy; (2) state regulations concerning the process of budget approval affect the fiscal capability of school districts; (3) the influence of school district size has not been

clarified; (4) tax limitation combined with fiscal performance hampers the school district's ability to compete economically with other agencies relying upon public support; and (5) a form of fiscal dependence without tax limitation appears to be the best present method of regulating the fiscal powers of large-city school boards.

33. Vincent, William S., and Bernardo, Charles M. "School Board Member Characteristics and Fiscal Responsibility." New York: Institute of Administrative Research, Columbia University. IAR-Research Bulletin, 7,2(February 1967). 8 pages. ED 023 154 MF $0.25 HC $0.50.

An attempt is made to judge characteristics affecting a school district's fiscal performance by conducting a factor analysis on seventy-four variables having factor loadings of .30 or greater. The sixteen factors studied (containing the seventy-four variables) include many facets of school board fiscal policy and information on the kinds of people who make the policies. Two basic conclusions are that the board member variable and, to a lesser extent, the equalization aid variable are influential in determining fiscal responsibility.

34. Weber, Robert E. Optimizing Educational Investment Strategies, n.d. 20 pages. ED 013 790 MF $0.25 HC $1.10.

The determination of the optimum distribution of educational investments is a current and acute problem. Examination of several interrelated problems of underdevelopment in order to consider their programmatic implications leads to the identification of general areas for educational investment expenditures. The field of most pervasive need is the language arts, in which a national program with a system of supplementary learning centers is needed to overcome basic developmental problems. Other areas for which specific recommendations are made are (1) areas of underinvestment, (2) areas of previous program failures, (3) areas of greatest possible cost reduction, and (4) areas of critical manpower shortages.

35. Weisbrod, Burton A. Spillover of Public Education Costs and Benefits, Part 1--Benefits. St. Louis, Missouri: Washington University, 1963. 202 pages. ED 003 019 MF $1.00 HC $10.20.

Dealing with the benefits from public education to people other than students and their parents, the scope of this study includes (1) methodological and conceptual issues, (2) social benefits from public education, and (3) particular benefits and their external components. The investigation is a theoretical analysis of the economics of public education. A multiple regression model of the determinants of educational expenditures is applied to the community of Clayton, Missouri.

This model demonstrates that expenditures per student are negatively correlated with the degree of spillover. The researchers find that the effects of local decisions concerned with public primary and secondary education permeate the entire society. Findings also suggest that analysis of the nature, magnitude, and distribution of benefits from public education may provide an explanation for a variety of aspects of public behavior involving education. (Part 2 of this study is listed under Hirsch, Werner Z., and others. Spillover of Public Education Costs and Benefits, Part 2--Costs.)

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